

# 1989 Annual Financial Report

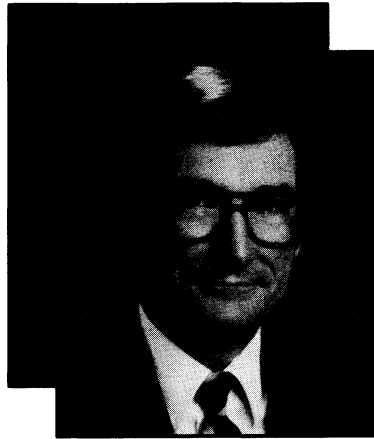
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Non-Teacher School Employee  
Retirement System of Missouri







Bill M. Brent  
*Chairman*

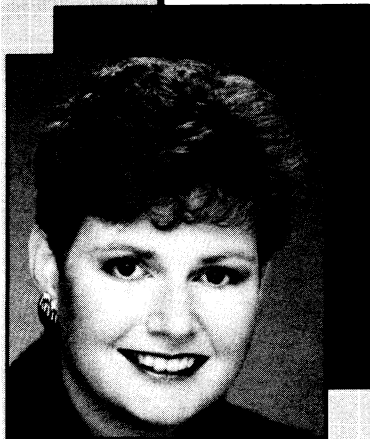


H. Kenneth Kirchner

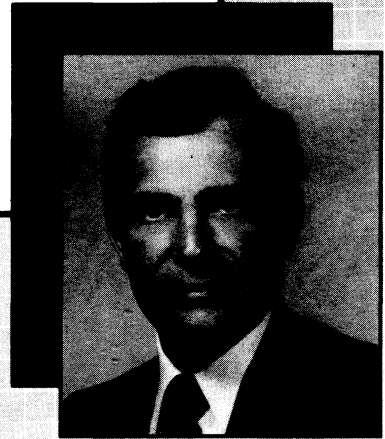


Dalton Ham

*Board  
of  
Trustees*



Laurel S. Cochennet



Robert E. Bartman  
*Ex officio*



# THE NON-TEACHER SCHOOL EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

DAVID W. MUSTOE  
EXECUTIVE SECRETARY

ROBERT W. RUST  
ADMINISTRATOR

JOEL M. WALTERS  
ASST. EXECUTIVE SECRETARY

To the Membership:

This report recaps the activities of 1988-89, the 24th year of the Retirement System's operation, and sets forth data on assets, benefits, membership and retirees.

Earnings on invested funds in 1988-89 were up slightly from 1987-88, 9.95% as compared to 9.75% last year. The addition of realized capital gain on securities sold or redeemed brought the total return for the year to 11.07%, up from the figure of 10.69% in 1987-88.

The System paid total investment fees--including transaction costs, custody charges, management and consulting fees--of over \$105,000 as compared to about \$94,000 last year. As the invested assets continue to grow, costs will continue to rise.

Last year brought a significant decrease in the unfunded liabilities of the system and a resulting reduction in the number of years required to pay that debt. The liability dropped from \$51 million to \$38 million, and the payment period decreased from 27 years to 16 years. Those figures "bulged" in 1988 because of benefit improvement and changes in service credit procedures.

A total of 3,379 memberships were terminated in 1988-89 by reason of retirement, withdrawal, or death. The net active membership increased from 28,009 last year to 29,206 in 1989.

As of June 30, 1989, 7,796 individuals were receiving monthly service retirement or disability retirement checks from the retirement system. Total monthly benefits for the year amounted to about \$9.5 million.

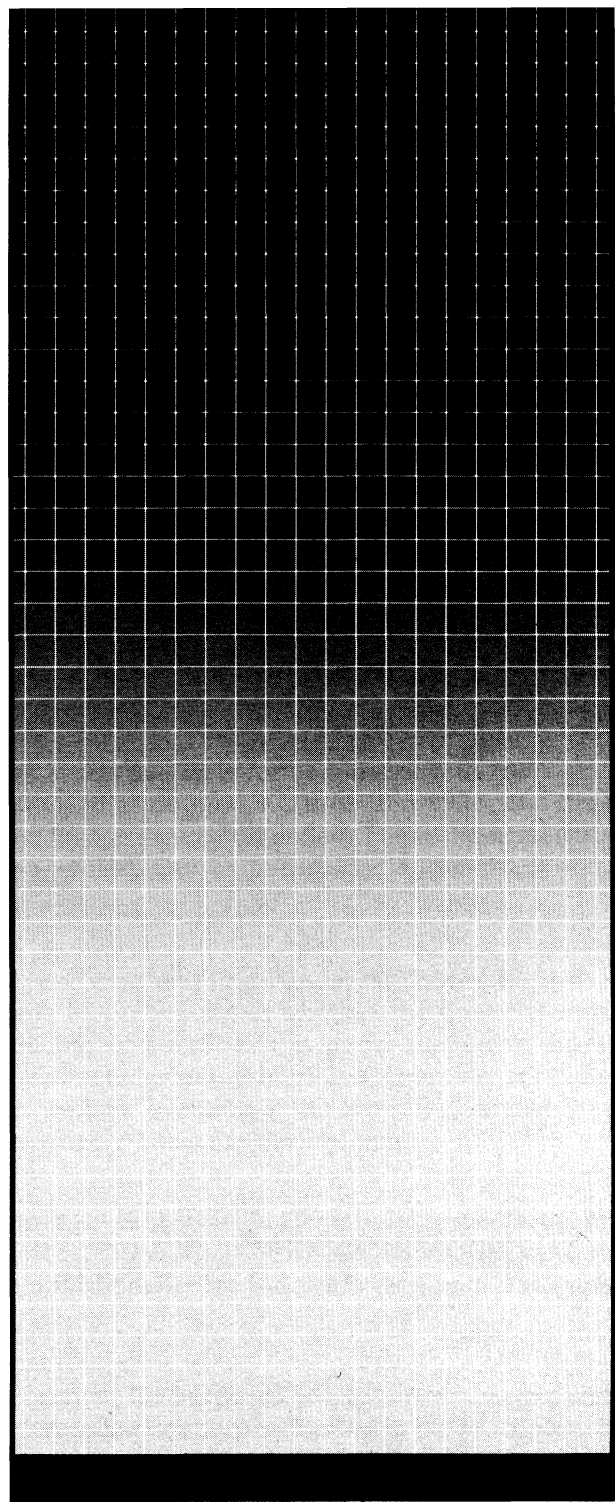
Retirement system membership represents a sizeable investment by you, the members, which one day can provide a substantial retirement benefit for you. In order to best avail yourselves of those benefits, you need to be knowledgeable about the system. Please let us know of any questions or comments you may have.

David W. Mustoe  
Executive Secretary

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701 W. Main Street

MAILING ADDRESS  
P.O. Box 268, Jefferson City, MO 65102  
Toll Free 800-392-6848

TELEPHONE  
314-634-5290



# *Financial Statements*





**Baird,  
Kurtz &  
Dobson**

Certified  
Public  
Accountants

The Board of Trustees  
The Non-Teacher School Employee  
Retirement System of Missouri  
Jefferson City, Missouri

We have audited the accompanying statements of net assets available for benefits of THE NON-TEACHER SCHOOL EMPLOYEE RETIREMENT SYSTEM OF MISSOURI as of June 30, 1989 and 1988, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. an audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE NON-TEACHER SCHOOL EMPLOYEE RETIREMENT SYSTEM OF MISSOURI as of June 30, 1989 and 1988, and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baird, Kurtz & Dobson

October 19, 1989



# Statements of Financial Position

## ASSETS

	June 30	
	1989	1988
<b>Cash:</b>		
*Custodian Account.....	\$ 27,344.41	\$ 18,278.11
Operating Account.....	24,144.20	25,543.11
Total Cash.....	<u>\$ 51,488.61</u>	<u>\$ 43,821.22</u>
<b>Investments:</b>		
Corporate Bonds.....	\$ 153,394,872.94	\$ 140,760,266.84
U.S. Government Bonds.....	20,048,061.33	20,052,404.97
U.S. Govt. Securities — Zero Coupon.....	18,452,046.14	16,345,573.45
GNMA Mortgage Loans.....	64,375,821.33	56,015,050.24
**Common Stock.....	34,333,587.69	29,795,165.65
Temporary Investments.....	49,551,000.00	30,826,168.32
Total Investments.....	<u>\$ 340,155,389.43</u>	<u>\$ 293,794,629.47</u>
<b>Accrued Income:</b>		
Contributions Receivable.....	\$ 1,927,635.43	\$ 1,818,000.00
Dividends on Common Stock.....	130,365.06	107,191.42
Interest on GNMA Loans.....	272,003.97	239,853.53
Interest on Securities — Bonds.....	4,126,814.74	3,898,990.99
Interest on Temp. Investments.....	347,135.18	103,634.55
Total Accrued Income.....	<u>\$ 6,803,954.38</u>	<u>\$ 6,167,670.49</u>
<b>Total Assets.....</b>	<u><u>\$ 347,010,832.42</u></u>	<u><u>\$ 300,006,121.18</u></u>

\*Included funds-in-transit of \$15,758.54 and \$1,531.59

\*\*Market value of stocks:

1989 — \$59,750,978.00

1988 — \$50,642,205.00

## LIABILITIES AND RESERVES

<b>Member Accounts:</b>		
Accumulated Contributions of Members.....	\$ 88,315,173.96	\$ 77,341,544.17
*Accumulated Contributions of Terminated Members....	181,988.63	201,692.57
Reinstatements — Partial Payments.....	12,057.81	8,352.69
Total Member Accounts.....	<u>\$ 88,509,220.40</u>	<u>\$ 77,551,589.43</u>
<b>Reserves:</b>		
Reserve for Operating Expenses and Benefits to		
Future Retirees.....	\$ 155,514,572.88	\$ 135,504,155.61
Contingent Reserve — Investments.....	2,313,115.14	2,313,115.14
Reserve — Benefits Present Retirees.....	100,673,924.00	84,637,261.00
Total Reserves.....	<u>\$ 258,501,612.02</u>	<u>\$ 222,454,531.75</u>
<b>Total Liabilities and Reserves.....</b>	<u><u>\$ 347,010,832.42</u></u>	<u><u>\$ 300,006,121.18</u></u>

See Notes to Financial Statements

\*Combined contributions of Deaths not Processed and Terminations.



**The Non-Teacher School Employee  
Retirement System of Missouri**

**Statements of Changes in Net Assets Available for Benefits**

**Years Ended June 30, 1989 and 1988**

	Member Accounts June 30		Reserve for to Present June
	1989	1988	1989
<b>Sources of Net Assets</b>			
Contributions of employers and members — net of refunds.....	\$ 13,117,140	\$ 11,997,633	\$
Investment income.....			
Gain from sales of investments.....			
Other.....			
	<u>\$ 13,117,140</u>	<u>\$ 11,997,633</u>	
<b>Application of Net Assets</b>			
Member withdrawals and refunds.....	2,865,812	2,664,787	
Member terminations and deaths paid..	111,460	135,233	
Operating expenses.....			
Benefits paid.....			\$ 9,569,136
	<u>\$ 2,977,272</u>	<u>\$ 2,800,020</u>	<u>\$ 9,569,136</u>
<b>Transfers and Adjustments</b>			
Accumulated contributions of retirees and beneficiaries.....	(4,126,985)	(2,755,060)	4,126,985
Interest credited to member accounts .....	4,945,925	3,718,706	
Present value of reserve for benefits to present retirees.....			21,478,814
Other.....	(1,177)	(1,095)	
	<u>\$ 817,763</u>	<u>\$ 962,551</u>	<u>\$ 25,605,799</u>
<b>Increase in Net Assets .....</b>	<b>\$ 10,957,631</b>	<b>\$ 10,160,164</b>	<b>\$ 16,036,663</b>
<b>Net Assets Available for Benefits</b>			
Beginning of year.....	<u>\$ 77,551,589</u>	<u>\$ 67,391,425</u>	<u>\$ 84,637,261</u>
End of year.....	<u>\$ 88,509,220</u>	<u>\$ 77,551,589</u>	<u>\$ 100,673,924</u>

See Notes to Financial Statements

Benefits Retirees 30	Contingent Reserve for Investments June 30		Reserve for Operating Expenses and Benefits to Future Retirees June 30	
	1989	1988	1989	1988
\$	\$	\$	\$ 13,032,377	\$ 11,943,346
			30,519,332	25,893,555
			3,438,725	2,501,430
			31,641	45,503
			<u>\$ 47,022,075</u>	<u>\$ 40,383,834</u>
\$ 8,072,704			584,810	537,831
<u>\$ 8,072,704</u>			<u>\$ 584,810</u>	<u>\$ 537,831</u>
2,755,060				
			(4,945,925)	(3,718,706)
15,521,634			(21,478,814)	(15,521,634)
			(2,109)	(91)
<u>\$ 18,276,694</u>			<u>\$ (26,426,848)</u>	<u>\$ (19,240,431)</u>
\$ 10,203,990			\$ 20,010,417	\$ 20,605,572
\$ 74,433,271	<u>\$ 2,313,115</u>	<u>\$ 2,313,115</u>	<u>\$ 135,504,156</u>	<u>\$ 114,898,584</u>
<u>\$ 84,637,261</u>	<u>\$ 2,313,115</u>	<u>\$ 2,313,115</u>	<u>\$ 155,514,573</u>	<u>\$ 135,504,156</u>

## Notes to Financial Statements

### June 30, 1989 and 1988

#### Note 1. Description of Plan

The Non-Teacher School Employee Retirement System of Missouri is a cost-sharing multiple employer mandatory retirement system for substantially all public school employees who work 20 or more hours per week on a regular basis and who are not members of The Public School Retirement System. The System was established by an Act of the Missouri Legislature effective November 1, 1965. Retirement benefits are based on years of service and salary. The contributions are paid to the system by the employee and the employer at a rate set annually by the Board of Trustees but not to exceed four and one-half percent as set by law. The rate for 1989 and 1988 was set at four percent each for the employee and employer. As of June 30, 1988, the latest actuarial valuation date, the System had 551 contributing employers and membership consisted of 35,483 individuals as follows:

Retiree and beneficiaries		
currently receiving benefits	7,474	
Inactive vested members not yet receiving benefits	489	
Active members		
Fully vested	13,832	
Non-vested	12,121	
Total active members	25,953	
Other inactive members	1,567	
	<u>35,483</u>	

Members are eligible for retirement at age 60 if sixty or more months of creditable service have been established with the Retirement System.

Members with five or more years of creditable service in Missouri are vested; that is, their rights to benefits at retirement age are established even if they leave the public schools.

The employees' contributions (not including the employers' contributions) are credited to their individual accounts with yearly interest on the contributions credited at a rate set by the Board of Trustees. The rates for 1989 and 1988 were 7% and 6%, respectively.

The plan also provides for various methods of withdrawals, terminations, reinstatements, disability, death benefits, and retirement benefit options.

Refer to the booklet printed by the System for additional information on the plan.

#### Note 2: Summary of Significant Accounting Policies and Plan Asset Matters

##### Valuation of Investments

Marketable securities are stated at cost or amortized cost and mortgage loans are shown at their unpaid principal balances. Refer to Note 5 for estimated market values of investments.

Bond premiums and discounts are charged to investment income over the life of the bond based on the effective interest rate method.

##### Contingent Reserve for Investments

At the discretion of the Board of Trustees, certain net gains or losses from the sales of investments are transferred to the contingent reserve for investments. There were no such transfers in 1989 or 1988. Any net bond losses are charged to operations at the rate of five percent per year in the cumulative balance. There were no net bond losses in the contingent reserve in 1989 or 1988.

##### Rental Allowance

The Retirement System received building space, equipment, and services from The Public School Retirement System at a cost of \$90,000 in 1989 and 1988.

#### Note 3. Plan Benefits

##### Funding Status and Progress

The actuarial firm of W. Alfred Hayes and Company estimates the pension benefit obligation. The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of member service to date. This measure is intended to help users of the financial statements to assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among different systems. This measure is independent of the actuarial funding method used to determine contributions to the System.

The actuarial valuations are performed as of June 30 each year, the latest being June 30, 1988. Significant actuarial assumptions which have been used are as follows:

##### Rate of Return on Invested Assets

8% per annum compounded

##### Projected Salary Increases

Rates varying by age, from 9% per year to 6% per year

##### Mortality

In accordance with 1983 Group Annuity Mortality Table, set back one year for females

As of June 30, 1988, the unfunded pension benefit obligation and net assets consisted of the following components (dollar figures in thousands):

Retirees and Beneficiaries	\$ 84,637
Inactive Vested Members	3,217
Current Members	
Accumulated employee contributions	74,793
Employer-financed vested	149,614
Employer-financed nonvested	10,168
Other Inactive Members	557
Total Pension Benefit Obligation	<u>322,986</u>
Net Assets Available for Benefits, At Cost	<u>300,006</u>
Unfunded Pension Benefit Obligation	<u>\$ 22,980</u>

#### Note 4. Contribution Required and Contribution Made

The System's funding policy is to have contributions sufficient to amortize the unfunded prior service liability over thirty years as a maximum. As described in Note 1, the System's contribution requirement is limited by law. The System's actuary was consulted, and their recommendation was considered by the Board of Trustees in setting the contribution rate. Contributions for 1988 totaled \$11,963,000 (3.9% of covered payroll) for both employers and employees and consisted of normal cost and amortiza-

tion of prior service cost. The actuary has determined that the 1988 contribution satisfied the contribution requirement.

#### Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information may be found in the supplementary information accompanying these financial statements.

#### Note 5: Investments

The System's securities are held in the name of the System in safekeeping by a bank acting as agent for the Retirement System. The amortized cost and market values for the investments with readily ascertainable market values are as follows for 1989 and 1988:

	1989	
	Amortized Cost	Fair Value
Corporate and governmental bonds.....	\$ 167,225,023	\$ 176,042,859
Common and preferred stock.....	34,333,588	59,750,978
GNMA mortgage loans.....	64,375,821	66,898,996
Zero coupon bonds.....	18,452,046	30,464,270
	<u>\$ 284,386,478</u>	<u>\$ 333,157,103</u>

	1988	
	Amortized Cost	Fair Value
Corporate and governmental bonds.....	\$ 153,995,110	\$ 154,194,343
Common and preferred stock.....	29,795,166	50,642,205
GNMA mortgage loans.....	56,015,050	57,800,618
Zero coupon bonds.....	16,345,573	24,813,563
	<u>\$ 256,150,899</u>	<u>\$ 287,450,729</u>

Corporate bonds with an amortized cost of \$6,217,911 in 1989 and \$6,817,562 in 1988, do not have readily ascertainable market values. Market values are also not available on commercial discount notes.

The realized gains and losses for 1989 and 1988 are as follows:

	1989	1988
Corporate stock.....	\$ 3,337,884	\$ 1,989,601
Corporate bonds.....	100,841	511,829
	<u>\$ 3,438,725</u>	<u>\$ 2,501,430</u>

Marketable securities are by their nature subject to fluctuation in value depending on market conditions at any given point in time. Consequently, the market values of the System's investments subsequent to June 30, 1989, may vary significantly from those shown at June 30, 1989.

In accordance with a law in effect in the State of Missouri, the System must divest all of its holdings in securities of South African related entities by the year 1992. At June 30, 1989, approximately 14% of the System's investments were in South African related entities.

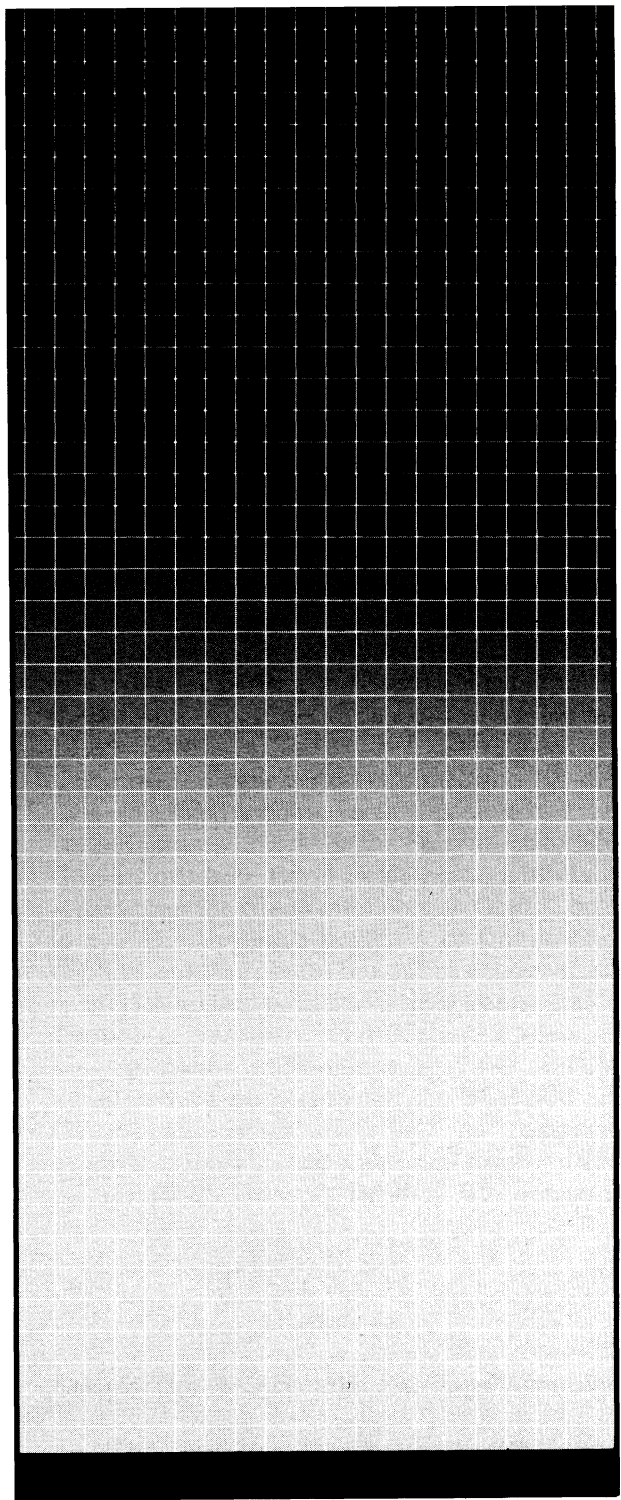
At June 30, 1989, the System had total bank balances of \$35,054 (which were covered by Federal depository insurance) and repurchase agreements in the amount of \$1,014,984. At June 30, 1989, bank balances and repurchase agreements were collateralized by U.S. Government securities subject to safekeeping statements issued by the custodial financial institution which was not the pledging institution. The total amount of securities pledged carried a face value of \$1,513,604 which did not have readily ascertainable market values. No attorney's opinion has been obtained regarding the enforceability of claims which might arise under the custodial agreements.



## Statements of Cash Receipts and Disbursements

June 30

	1989	1988
<b>RECEIPTS:</b>		
<b>Contributions</b> .....	\$ 25,999,904.62	\$ 23,528,523.18
<b>Investment Receipts:</b>		
Interest — Corp. & Gov't. Sec. ....	\$ 16,251,617.50	\$ 14,616,405.35
Interest — GNMA Mortgage Loans .....	6,010,699.22	5,256,709.88
Interest — Temporary Investments .....	3,384,490.15	2,280,496.82
Dividends — Common Stock .....	2,088,753.55	1,550,148.86
Fees — Security Lending .....	231.88	----
Total Investment Receipts .....	\$ 27,735,792.30	\$ 23,703,760.91
<b>Principal Receipts:</b>		
Corp. & Gov't. Securities .....	\$ 4,816,450.71	\$ 7,835,809.91
GNMA Loans .....	5,536,674.44	6,208,011.07
Common Stock .....	5,170,999.24	2,826,787.35
Temporary Investments .....	189,105,575.08	250,766,987.75
Total Principal Receipts .....	\$ 204,629,699.47	\$ 267,637,596.08
<b>Miscellaneous Receipts</b> .....	\$ 75,215.05	\$ 41,906.94
<b>Total Receipts</b> .....	\$ 258,440,611.44	\$ 314,911,787.11
<b>DISBURSEMENTS:</b>		
<b>Investment Purchases:</b>		
Securities — Corp. & Gov't. ....	\$ 17,159,865.00	\$ 32,007,693.33
U.S. Gov't. Sec. — Zero Coupon .....	----	830,412.00
GNMA Mortgage Loans .....	13,727,886.45	17,352,593.58
Common Stock .....	6,371,537.50	4,428,123.56
Temporary Investments .....	207,830,406.76	248,349,038.36
Accrued Interest .....	191,500.57	512,300.25
Total Investment Purchases .....	\$ 245,281,196.28	\$ 303,480,161.08
<b>Benefit Payments:</b>		
Service Retirement .....	\$ 9,161,139.64	\$ 7,745,329.89
Disability Retirement .....	174,409.71	144,417.49
Beneficiary Allowances .....	178,523.14	139,511.00
Total Benefit Payments .....	\$ 9,514,072.49	\$ 8,029,258.38
<b>Withdrawals and Refunds</b> .....	\$ 3,052,865.15	\$ 2,856,709.13
<b>Operating Expenses:</b>		
Personal Services .....	\$ 249,946.17	\$ 227,781.01
Investment Fees .....	105,439.93	94,133.41
Actuarial Fees .....	18,600.00	32,485.00
Audit Fees .....	3,200.00	3,000.00
Printing .....	4,518.10	4,448.95
Postage .....	38,516.23	35,894.26
Staff Field Expenses .....	4,797.06	5,537.25
Info & Publicity Exp. ....	50,548.56	32,770.64
Election Expense .....	----	----
Office Equip. Rental/Maint. ....	1,136.60	1,338.16
Office Space Rental & Sers. ....	90,000.00	90,000.00
Equipment Purchases .....	4,264.80	2,283.63
Office Supplies .....	11,859.55	6,932.36
Medical Exams — Disability .....	781.13	1,068.50
Fiduciary Expense .....	----	----
Miscellaneous .....	1,202.00	158.00
Total Operating Expenses .....	\$ 584,810.13	\$ 537,831.17
<b>Total Operating Expenses</b> .....	\$ 258,432,944.05	\$ 314,903,959.76
<b>Excess (Deficiency) Cash Receipts</b>		
Over Cash Disbursements .....	\$ 7,667.39	\$ 7,827.35
<b>Cash Balances, Beg. of Year</b> .....	\$ 43,821.22	\$ 35,993.87
<b>Cash Balances, End of Year</b> .....	\$ 51,488.61	\$ 43,821.22



*Investments*



# Investment Report

## Investment Agent

Boatmen's Trust Company of St. Louis is the sole Investment Agent of The Non-Teacher School Employee Retirement System of Missouri. The Investment Agent has discretionary authority to invest the funds of the System in those securities authorized by the Board of Trustees, and within limitations set by the Board. The Investment Agent is also responsible for safekeeping of securities, execution of all investment transactions, and receipt and transmittal to the retirement office of all investment principal and interest payments. There is no "in-house" investing done directly by the retirement office; all funds are invested by the Investment Agent.

The Agent furnishes a complete investment report to the Board of Trustees every six months and interim reports at bi-monthly Board meetings.

## Investment Objectives

The basic objective of a sound retirement system is to accumulate sufficient reserves during the working lives of its members to ensure payment of benefits upon retirement. The return earned from the investment of these reserves is one of the most influential variables used by the actuary in determining the financial soundness of the Retirement System. It has always been the policy of the Board of Trustees to establish the highest earnings assumption consistent with projected returns in order to fund benefits at the least cost to the members and employers. The System's earnings assumption is under constant review and reappraisal and has been satisfied in each year of the System's 24-year history.

## Investment Performance Review

During the past fiscal year, the System's fixed income securities outperformed the Shearson Lehman Govt./Corp. Index (15.4% versus 12.3%), its

equities underperformed the S&P 500 (19.8% versus 20.5%), and its temporary investments showed a return in excess of that on Treasury Bills (9.1% versus 8.3%). The System's total portfolio of marketable securities showed a return of 15.3%.

For the five-year period ending June 30, 1989 the System's fixed income securities have outperformed the Shearson Lehman Index annually (18.4% versus 14.4%), its equities have outperformed the S&P 500 (20.3% versus 20.0%), and its temporary investments have shown an annual return in excess of the return on Treasury Bills (8.1% versus 7.3%). For this five-year period, the System's total portfolio of marketable securities has shown an annual return of 17.6%.

For the ten-year period ending June 30, 1989, the System's fixed income securities have had the same annual return--11.4%--as the Salomon Brothers High Grade Corporate Bond Index and a slightly greater return than the Shearson Lehman Govt./Corp. Bond Index. The System's portfolio of Government and publicly-held corporate bonds has an average maturity of 21.8 years, its GNMA's 26.8 years, and its Zero Coupon Government Certificates 13 years. For the ten-year period ending June 30, 1989, the System's equities have outperformed the S&P 500 annually (17.5% versus 16.9%), and its temporary investments have shown an annual return in excess of the return on Treasury Bills (11.0% versus 9.5%).

## Satisfaction of Actuarial Earnings Assumption

The System's earnings assumption has been satisfied in each year of its history. The past fiscal year's income return on average invested assets at cost was 9.95% and reflected earnings in excess of the assumption of \$6.0 million. These excess marginal returns lend assurance of continued satisfaction of the assumption in the event of declining interest rates.



## Schedules of Investment Income

Years Ended June 30, 1989 and 1988

	1989	1988
<b>Corporate and Government Bonds</b>		
Interest received.....	\$ 16,251,618	\$ 14,616,405
Add:		
Accrued interest, end of year.....	4,126,815	3,898,990
Accretion of discount.....	199,516	165,598
	<u>20,577,949</u>	<u>18,680,993</u>
Less:		
Accrued interest, beginning of year.....	3,898,991	3,412,154
Accrued interest purchased during year.....	112,535	423,789
Amortization of premium.....	13,510	12,483
	<u>16,552,913</u>	<u>14,832,567</u>
Income from corporate and government securities.....		
<b>Zero Coupon Bonds</b>		
Accretion of discount.....	<u>2,106,473</u>	<u>1,806,099</u>
<b>Common Stock</b>		
Dividends received.....	2,088,753	1,550,149
Add: Accrued dividends, end of year.....	130,365	107,191
	<u>2,219,118</u>	<u>1,657,340</u>
Less: Accrued dividends, beginning of year.....	107,191	108,155
	<u>2,111,927</u>	<u>1,549,185</u>
Income from common stocks.....		
<b>GNMA Mortgage Loans</b>		
Interest received.....	6,010,699	5,256,710
Add:		
Accrued interest, end of year.....	272,004	239,854
Accretion of discount.....	169,559	200,993
	<u>6,452,262</u>	<u>5,697,557</u>
Less:		
Accrued interest purchased during year.....	78,966	88,511
Accrued interest, beginning of year.....	239,853	199,790
	<u>6,133,443</u>	<u>5,409,256</u>
Income from GNMA Mortgage Loans.....		
<b>Commercial Discount Notes</b>		
Interest received.....	3,370,844	2,271,747
Add: Accrued interest, end of year.....	347,135	103,635
	<u>3,717,979</u>	<u>2,375,382</u>
Less: Accrued interest, beginning of year.....	103,635	78,934
	<u>3,614,344</u>	<u>2,296,448</u>
Fees: Security Lending.....	232	----
<b>Total Investment Income.....</b>	<u><u>\$ 30,519,332</u></u>	<u><u>\$ 25,893,555</u></u>

### TEMPORARY INVESTMENTS 6/30/89

Par Value	Description	Book Value	Market Value
\$ 49,551,000	Prime Money Market Fund.....	\$ 49,551,000.00	\$ 49,551,000
<b>TOTAL TEMPORARY INVESTMENTS.....</b>		<b>\$ 49,551,000.00</b>	<b>\$ 49,551,000</b>

### U.S. GOVERNMENT SECURITIES 6/30/89

Par Value	Description	Book Value	Market Value
\$ 1,500,000	U.S. Treasury Notes Due 5/15/93.....	\$ 1,498,790.19	\$ 1,595,625.00
3,000,000	U.S. Treasury Bonds Due 2/15/01.....	3,034,019.51	3,768,750.00
3,000,000	U.S. Treasury Bonds Due 8/15/01.....	3,137,235.46	4,180,320.00
750,000	U.S. Treasury Bonds Due 11/15/01.....	747,174.46	1,187,812.50
3,000,000	U.S. Treasury Bonds Due 11/15/02.....	3,089,953.13	3,820,320.00
1,500,000	U.S. Treasury Bonds Due 2/15/03.....	1,482,769.60	1,809,375.00
3,000,000	U.S. Treasury Bonds Due 5/15/03.....	2,863,035.64	3,625,320.00
3,500,000	U.S. Treasury Bonds Due 11/15/03.....	3,472,785.83	4,567,500.00
750,000	U.S. Treasury Bonds Due 11/15/06.....	722,297.51	1,142,812.50
<b>TOTAL U.S. GOVERNMENT.....</b>		<b>\$ 20,048,061.33</b>	<b>\$ 25,697,835.00</b>

### ZERO COUPON BONDS 6/30/89

Par Value	Description	Book Value	Market Value
<b>TREASURY RECEIPTS</b>			
\$ 4,625,000	Certificate of Accrual Int. Due 5/15/97 — 12.37%.....	\$ 1,657,150.99	\$ 2,433,998.75
5,000,000	Certificate of Accrual Int. Due 11/15/98 — 12.37%.....	1,569,084.22	2,317,050.00
4,688,000	Certificate of Accrual Int. Due 8/15/99 — 13.75%.....	1,171,568.18	2,042,467.84
4,688,000	Certificate of Accrual Int. Due 8/15/00 — 13.75%.....	1,028,858.69	1,881,106.88
4,688,000	Certificate of Accrual Int. Due 8/15/01 — 13.75%.....	903,900.12	1,732,544.16
4,688,000	Certificate of Accrual Int. Due 8/15/02 — 13.75%.....	795,391.91	1,595,701.44
5,000,000	Certificate of Accrual Int. Due 2/15/98 — 12.50%.....	1,750,914.16	2,464,550.00
5,000,000	Certificate of Accrual Int. Due 2/15/01 — 12.50%.....	1,234,276.34	1,925,450.00
3,500,000	Certificate of Accrual Int. Due 2/15/02 — 12.50%.....	759,551.00	1,241,345.00
5,000,000	Certificate of Accrual Int. Due 2/15/06 — 12.50%.....	689,161.20	1,276,000.00
5,000,000	Certificate of Accrual Int. Due 8/15/06 — 12.50%.....	650,163.45	1,224,550.00
10,937,000	Certificate of Accrual Int. Due 11/15/03 — 11.87%.....	2,017,136.92	3,358,862.07
3,960,000	Certificate of Accrual Int. Due 2/15/99 — 12.00%.....	1,217,041.16	1,797,760.80
6,600,000	Certificate of Accrual Int. Due 8/15/07 — 12.00%.....	950,965.77	1,488,762.00
12,500,000	Certificate of Accrual Int. Due 5/15/04 — 12.37%.....	2,056,882.03	3,684,125.00
<b>TOTAL TREASURY RECEIPTS.....</b>		<b>\$ 18,452,046.14</b>	<b>\$ 30,464,273.94</b>

### CORPORATE BONDS 6/30/89

Par Value	Description	Book Value	Market Value
<b>PUBLIC UTILITY BONDS</b>			
\$ 50,000	Consolidated Edison Co. NY, Inc. Due 12/15/96 — 5.90%	\$ 50,000.00	\$ 41,785.00
1,000,000	Duke Power Co. Due 2/1/17 — 8.50%.....	989,667.46	980,370.00
300,000	Duke Power Co. Due 6/1/03 — 7.75%.....	301,272.16	276,381.00
500,000	Duke Power Co. Due 9/1/07 — 8.12%.....	444,443.05	470,985.00
1,000,000	FPL Group Cap Inc. Due 6/1/17 — 10.12%.....	972,832.12	1,071,690.00
2,500,000	GTE Corp. Due 9/15/17 - 10.75%.....	2,445,699.73	2,694,350.00
300,000	Georgia Power Co. Due 6/1/03 — 7.87%.....	300,637.51	270,573.00
100,000	Houston Lighting & Power Co. Due 3/1/17 — 9.00%..	99,273.08	94,304.00
500,000	Illinois Power Co. Due 11/1/07 — 8.25%.....	451,991.26	460,500.00
300,000	Mountain States Tel. & Telegraph Due 6/1/13 — 7.75%	300,000.00	270,441.00
2,500,000	Mountain States Tel. & Telegraph Due 12/15/14 — 9.25%	2,135,732.28	2,574,325.00
2,500,000	New York Tel. Co. Due 3/15/15 — 8.87%.....	2,230,284.39	2,447,025.00
2,500,000	Northwestern Bell Tel. Co. Due 6/15/12 — 8.62%.....	2,177,027.16	2,397,750.00
500,000	Oklahoma Gas & Electric Co. Due 1/1/07 — 8.37%...	506,748.66	483,880.00
50,000	Pacific Gas & Electric Co. Due 12/1/98 — 5.75%.....	49,466.31	40,357.00

## CORPORATE BONDS (Continued)

Par Value	Description	Book Value	Market Value
300,000	Pacific Telephone & Telegraph Co. Due 6/1/09 — 7.62%	\$ 300,000.00	\$ 267,378.00
200,000	Public Service Co. Due 10/1/07 — 8.12%	178,623.78	178,960.00
1,000,000	Southern Bell Tel. & Teleg. Co. Due 4/15/16 — 8.25%	978,736.26	973,760.00
1,000,000	Southern California Edison Co. Due 12/1/14 — 12.37%	982,876.01	1,096,460.00
2,000,000	Southwestern Bell Tel. Co. Due 4/1/17 — 8.25%	1,906,068.01	1,866,540.00
1,000,000	Texas Electric Service Co. Due 12/1/12 — 11.62%	993,983.34	1,051,180.00
1,500,000	Texas New Mexico Pwr. Co. Due 7/1/17 — 10.00%	1,492,908.16	1,530,000.00
50,000	Union Electric Co. Due 5/1/96 — 5.50%	50,297.14	41,417.50
500,000	Union Electric Co. Due 3/1/05 — 10.50%	500,000.00	527,240.00
1,500,000	Union Electric Co. Due 3/1/16 — 9.37%	1,496,330.76	1,512,315.00
650,000	Utah Power & Light Co. Due 9/1/07 — 8.25%	581,439.47	614,796.00
500,000	Virginia Electric & Power Co. Due 3/1/06 — 9.25%	500,000.00	501,425.00
2,000,000	Virginia Electric & Power Co. Due 2/1/19 — 9.75%	1,976,860.00	2,067,680.00

## INDUSTRIAL BONDS

390,000	Abbott Laboratories Due 10/15/99 — 9.20%	\$ 390,000.00	\$ 398,463.00
500,000	Aetna Life & Casualty Co. Due 10/15/07 — 8.12%	497,875.24	467,355.00
1,000,000	Aetna Life & Casualty Co. Due 1/15/17 — 8.00%	813,030.00	915,370.00
1,000,000	Aluminum Company Due 11/15/96 — 7.00%	657,021.74	888,270.00
1,000,000	American Gen. Corp. Due 2/1/18 — 9.62%	929,194.87	1,010,830.00
500,000	Amoco Co. Due 8/1/07 — 7.87%	498,416.92	458,485.00
1,500,000	Amoco Co. Due 12/15/16 — 8.62%	1,500,000.00	1,457,730.00
476,000	Anheuser-Busch Inc. Due 2/1/99 — 7.95%	476,000.00	466,037.32
500,000	Armco Inc. Due 9/1/01 — 8.50%	498,890.56	420,000.00
1,500,000	Baker International Corp. Due 3/15/02 — 6.00%	754,749.11	1,124,940.00
2,000,000	Becton Dickinson & Co. Due 6/1/16 — 9.25%	1,990,219.43	1,919,320.00
2,500,000	Berkley, W R Corp. Due 5/15/08 — 9.87%	2,420,086.44	2,644,150.00
1,500,000	Capital Cities Comm. Inc. Due 6/15/13 — 11.75%	1,492,745.49	1,621,530.00
2,500,000	Coca Cola Enterprises Inc. Due 4/1/17 — 8.75%	2,099,341.69	2,418,350.00
500,000	Continental Oil Company Due 11/1/99 — 9.12%	499,143.90	498,385.00
500,000	Dow Chemical Company Due 1/15/06 — 8.50%	500,000.00	470,380.00
500,000	Dow Chemical Company Due 7/15/07 — 7.87%	496,830.70	447,260.00
2,000,000	Du Pont E I De Nemours & Co. Due 12/1/01 — 6.00%	1,071,444.57	1,580,000.00
500,000	Du Pont E I De Nemours & Co. Due 11/15/04 — 8.45%	500,000.00	476,510.00
2,000,000	Eaton Corp. Due 1/15/17 — 8.50%	1,973,385.77	1,819,840.00
2,000,000	Emhart Corp. Due 8/15/16 — 9.25%	1,923,294.66	1,648,980.00
2,000,000	General Dynamics Corp. Due 8/15/16 — 9.00%	1,927,303.95	1,912,200.00
1,500,000	General Foods Corporation Due 6/15/11 — 7.00%	800,106.07	1,219,635.00
250,000	Goodrich B F Company Due 11/15/94 — 8.25%	245,222.31	237,500.00
250,000	Goodyear Tire & Rubber Co. Due 9/15/97 — 7.35%	250,000.00	226,245.00
1,500,000	Harris Corporation Due 6/1/10 — 11.50%	1,476,939.05	1,608,780.00
1,000,000	Hercules, Inc. Due 1/15/17 — 8.50%	979,082.42	905,430.00
1,000,000	Honeywell Inc. Due 4/15/06 — 8.62%	992,985.80	943,660.00
500,000	Intl. Minerals & Chem. Corp. Due 11/1/00 — 9.35%	500,000.00	492,715.00
500,000	International Paper Company Due 12/15/00 — 8.85%	500,000.00	487,825.00
2,500,000	K Mart Corp. Due 1/15/17 — 8.37%	2,004,178.01	2,244,575.00
3,000,000	K Mart Corp. Due 12/1/17 — 10.50%	3,000,000.00	3,163,050.00
2,000,000	Kerr McGee Corporation Due 11/1/11 — 7.00%	1,028,604.27	1,518,900.00
2,000,000	Kraft, Inc. Due 2/15/17 — 8.50%	1,980,319.26	1,846,900.00
2,500,000	Loews Corp. Due 3/15/16 — 9.00%	2,165,158.26	2,339,750.00
500,000	Marathon Oil Company Due 11/1/06 — 8.50%	497,905.24	433,045.00
500,000	Maxus Energy Corp. Due 4/1/08 — 8.50%	492,399.57	379,360.00
1,000,000	May Department Stores Due 12/1/16 — 9.12%	1,000,000.00	943,000.00
500,000	Monsanto Company Due 5/15/08 — 8.75%	497,277.40	470,395.00
1,000,000	Monsanto Company Due 11/15/15 — 11.37%	1,000,000.00	1,094,560.00
2,000,000	North American Philips Corp. Due 3/1/17 — 8.75%	1,987,691.54	1,849,900.00
2,500,000	Oryx Energy Co. Due 9/15/18 — 10.37%	2,489,526.26	2,587,575.00
500,000	Owens Illinois Incorporated Due 11/1/99 — 9.35%	500,000.00	510,625.00
500,000	Oxy Oil & Gas USA Inc. Due 10/1/00 — 9.75%	498,163.42	494,845.00
430,000	Penney, J C Co. Inc. Due 6/15/99 — 9.00%	430,000.00	425,050.70
500,000	Pennzoil Company Due 12/1/07 — 12.25%	495,545.62	565,405.00
2,000,000	Philip Morris Inc. Due 1/15/17 — 8.37%	1,963,103.60	1,818,860.00
500,000	Phillips Petroleum Co. Due 11/15/00 — 8.87%	500,000.00	474,180.00
200,000	Proctor & Gamble Co. Due 5/15/02 — 7.00%	198,641.24	176,000.00
2,000,000	Proctor & Gamble Co. Due 1/15/17 — 8.12%	1,972,968.34	1,822,200.00

## CORPORATE BONDS (Continued)

Par Value	Description	Book Value	Market Value
2,000,000	RJR Nabisco, Inc. Due 2/1/17 — 8.37%.....	\$ 1,948,330.65	\$ 1,424,960.00
1,500,000	Ryder Sys. Inc. Due 2/15/17 — 8.37%.....	1,455,709.77	1,328,520.00
1,500,000	Sara Lee Corp. Due 5/15/16 — 8.75%.....	1,500,000.00	1,366,185.00
1,500,000	Sears Roebuck & Co. Due 11/15/01 — 7.00%.....	853,469.98	1,292,220.00
464,000	Sohio Pipe Line Co. Due 5/1/01 — 8.75%.....	462,308.45	452,362.88
750,000	Stauffer Chemical Company Due 1/15/01 — 8.85%...	738,420.75	727,500.00
200,000	Sun Co. Inc. Due 5/1/02 — 7.12%.....	198,633.49	170,042.00
2,000,000	Sundstrand Corp. Due 5/1/16 — 9.37%.....	1,968,754.16	1,910,360.00
500,000	Tenn. Gas Pipeline Co. Due 4/1/02 — 8.37%.....	499,058.42	471,105.00
500,000	Tenn. Gas Pipeline Co. Due 4/15/03 — 8.87%.....	499,006.75	485,010.00
250,000	Texaco Incorporated Due 4/1/06 — 8.50%.....	248,450.25	229,560.00
500,000	Texasgulf Incorporated Due 12/15/00 — 9.37%.....	500,000.00	479,375.50
1,500,000	Time, Inc. Due 4/1/17 — 8.75%.....	1,381,591.46	1,334,565.00
2,500,000	Toys R US Inc. Due 2/1/17 — 8.25%.....	2,013,987.58	2,246,650.00
2,500,000	USG Corp. Due 3/1/17 — 8.75%.....	2,218,087.33	1,778,125.00
500,000	Union Oil Co. of California Due 3/1/06 — 8.62%.....	496,890.31	488,515.00
500,000	United Technologies Corp. Due 1/15/04 — 9.37%.....	498,960.54	499,010.00
1,500,000	United Technologies Corp. Due 12/15/16 — 8.87%.....	1,472,400.75	1,433,670.00
2,000,000	Wal Mart Stores Inc. Due 8/15/00 — 10.87%.....	2,000,000.00	2,142,400.00
2,000,000	Walgreen Co. Due 7/1/16 — 9.50%.....	1,995,086.04	1,967,180.00
500,000	Weyerhaeuser Co. Due 11/15/04 — 8.90%.....	500,000.00	484,125.00
1,000,000	Weyerhaeuser Co. Due 2/15/07 — 8.37%.....	996,410.06	951,780.00
500,000	Xerox Corporation Due 11/1/99 — 8.62%.....	499,160.01	479,390.00

### TRANSPORTATION BONDS

2,000,000	Burlington Northern, Inc. Due 8/15/15 — 11.62%.....	\$ 1,998,033.77	\$ 2,135,220.00
500,000	General American Transn. Corp. Due 6/1/97 — 8.15%..	500,000.00	480,330.00
500,000	Southern Pacific Transn. Co. Due 12/1/01 — 8.20%...	500,000.00	468,650.00
500,000	Southern RY Co. Due 10/15/01 — 8.50%.....	499,071.83	483,335.00
500,000	Union Pacific Corp. Due 3/1/01 — 8.40%.....	500,000.00	475,785.00
445,000	Union Tank Car Co. Equip. Due 1/15/94 — 8.20%....	445,000.00	432,014.90

### FINANCE BONDS

1,000,000	American Southwest Finl. Corp. Due 3/1/18 — 8.90%..	\$ 879,062.50	\$ 852,500.00
2,500,000	Banc One Corp. Due 3/1/09 — 9.87%.....	2,446,500.00	2,705,950.00
500,000	Bankamerica Corp. Due 12/1/03 — 7.87%.....	496,810.65	425,480.00
500,000	Bankamerica Corp. Due 5/1/01 — 8.75%.....	496,348.34	462,640.00
500,000	Bankers Trust N Y Corp. Ser. Due 11/1/02 — 8.62%..	499,031.49	476,245.00
300,000	Beneficial Corporation Due 5/15/98 — 7.50%.....	300,431.62	265,086.00
500,000	Beneficial Corporation Due 6/1/03 — 8.30%.....	500,000.00	471,665.00
500,000	C I T Financial Corporation Due 4/1/01 — 8.37%.....	497,296.00	460,605.00
500,000	C I T Financial Corporation Due 3/15/08 — 8.75%....	500,000.00	476,930.00
1,750,000	Capital Hldg. Corp. Due 1/15/17 — 8.75%.....	1,750,000.00	1,651,387.50
750,000	Chemical N Y Corporation Due 8/1/02 — 8.25%.....	731,689.39	677,010.00
1,500,000	Citicorp Due 2/1/17 — 8.50%.....	1,451,995.15	1,385,280.00
500,000	Citicorp Notes Due 3/15/07 — 8.45%.....	498,604.02	467,440.00
4,000,000	Community Prog. Ln. Tr. Due 10/1/18 — 4.50%.....	2,069,360.00	2,255,000.00
750,000	Crocker National Corporation Due 12/1/02 — 8.60%..	737,511.33	704,700.00
2,000,000	F B C Mtg. Sec. Due 7/1/18 — 8.85%.....	1,811,250.00	1,775,000.00
500,000	Ford Motor Cr. Co. Due 11/1/01 — 8.37%.....	496,298.81	472,570.00
2,500,000	General Electric Cr. Corp. Due 11/1/01 — 5.50%....	1,113,796.56	1,902,250.00
300,000	General Motors Accep. Corp. Due 11/1/98 — 7.85%...	300,000.00	274,770.00
500,000	General Motors Accep. Corp. Due 2/1/00 — 8.75%....	498,242.19	487,475.00
1,500,000	General Motors Accep. Corp. Due 12/15/01 — 5.50%..	696,243.86	1,119,045.00
300,000	Household Finance Corp. Due 8/1/95 — 7.50%.....	300,000.00	277,146.00
500,000	Household Finance Corp. Due 7/1/00 — 9.00%.....	498,195.61	487,405.00
500,000	ITT Finl. Corp. Due 12/1/02 — 8.50%.....	497,585.89	462,835.00
2,000,000	Intl. Bk. for Reconstr. & Dev. Due 2/15/17 — 8.40%...	1,803,350.81	1,920,000.00
1,000,000	Irving Bank Corporation Due 11/15/07 — 12.37%.....	992,957.69	1,126,780.00
500,000	Manufacturers Hanover Corp. Due 8/15/07 — 8.12%..	497,343.47	424,045.00
300,000	Mercantile Bancorp. Inc. Due 1/15/04 — 8.50%.....	300,000.00	277,734.00
300,000	Northwest Corp. Due 3/15/03 — 7.75%.....	300,000.00	260,616.00
2,000,000	Sears Mtg. Fdg. Due 10/1/14 — 8.00%.....	1,685,625.00	1,635,000.00



## CORPORATE BONDS (Continued)

Par Value	Description	Book Value	Market Value
2,000,000	Service Corp. Intl. Due 1/15/18 — 10.15% .....	\$ 2,000,000.00	\$ 2,160,000.00
500,000	Transamerica Finl. Corp. Due 3/1/99 — 9.87% .....	498,641.14	505,270.00
1,500,000	Valley National Corp. Due 3/1/16 — 9.87% .....	1,496,323.50	1,333,155.00
355,000	Wells Fargo & Co. Due 4/1/02 — 8.60% .....	355,000.00	338,371.80
2,000,000	Westam Mtg. Finl. Corp. Due 6/1/18 — 9.23% .....	1,809,375.00	1,942,500.00
2,000,000	Westam Mtg. Finl. Corp. Due 8/1/18 — 8.95% .....	1,761,875.00	1,767,500.00

### OTHER CORPORATE BONDS

2,000,000	Firemans Fund Corp. Due 10/15/16 — 9.62% .....	\$ 1,981,706.61	\$ 1,999,820.00
500,000	First Republic Bank — IN DEFAULT Due 7/1/01 — 9.37% .....	499,012.09	67,500.00
2,000,000	Torchmark Corp. Due 3/1/17 — 8.62% .....	1,994,684.86	1,824,160.00

<b>TOTAL CORPORATE BONDS .....</b>	<b>\$ 147,176,961.75</b>	<b>\$ 150,345,029.60</b>
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## PRIVATELY PLACED CORPORATE BONDS 6/30/89

	<b>Book Value</b>	<b>Market Value*</b>
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### PUBLIC UTILITY BONDS

AT & T Technologies, Inc. Due 6/1/03 — 7.50% .....	\$ 228,000.00	\$ 228,000.00
Arizona Public Service Due 5/15/00 — 12.87% .....	362,000.00	362,000.00
Colonial Pipeline Co. Due 6/1/02 — 9.95% .....	500,000.00	500,000.00
Commonwealth Edison Co. Due 4/1/99 — 10.00% .....	500,000.00	500,000.00
General Tel. Co. Northwest Inc. Due 6/1/99 — 7.12% .....	100,000.00	100,000.00
St. Louis County Water Co. Due 6/1/97 — 6.25% .....	100,000.00	100,000.00
Southern California Edison Co. Due 6/15/04 — 9.95% .....	525,000.00	525,000.00
United Telephone Co. Missouri Due 5/1/97 — 5.62% .....	78,000.00	78,000.00
Vel Equip Incorporated Due 9/1/91 — 8.62% .....	76,445.10	76,445.10

### INDUSTRIAL BONDS

Alltank Equip. Corp. Due 8/1/92 — 7.90% .....	49,718.92	49,718.92
Ameripol Inc. Due 11/15/92 — 6.50% .....	30,000.00	30,000.00
Androck Properties Inc. Due 1/31/97 — 8.00% .....	97,214.17	97,214.17
Ashref Inc. Due 7/15/01 — 9.75% .....	195,093.94	195,093.94
Beacon of Del Inc. Due 2/1/00 — 6.75% .....	55,446.70	55,446.70
Engleale Inc. Due 2/15/99 — 5.75% .....	51,341.84	51,341.84
575 Market Street Bldg. Corp. Due 7/1/08 — 7.60% .....	190,000.00	190,000.00
Flying Cloud Properties Inc. Due 9/1/94 — 7.75% .....	126,937.18	126,937.18
Fourth Swansea Properties Inc. Due 2/1/93 — 6.37% .....	25,254.69	25,254.69
Gemstone Corporation Due 9/1/94 — 7.50% .....	23,000.00	23,000.00
Gomarco Incorporated Due 1/1/93 — 5.75% .....	6,000.00	6,000.00
NAB Properties Inc. Due 9/1/03 — 7.50% .....	272,348.01	272,348.01
Norton Simon Inc. Due 6/1/04 — 9.87% .....	535,800.00	535,800.00
Pipco Corp. Due 6/3/00 — 6.75% .....	64,998.64	64,998.64
S T Corp. Mtg. Bonds Due 5/1/94 — 8.37% .....	208,057.79	208,057.79
Salt Grass Power Inc. Due 1/1/98 — 8.50% .....	176,407.89	176,407.89
Synchro Realty Inc. Due 9/30/00 — 9.75% .....	62,279.58	62,279.58
Texaco Incorporated Due 6/1/03 — 7.65% .....	424,000.00	424,000.00

### TRANSPORTATION BONDS

General Amern. Transn. Corp. Due 3/1/94 — 8.50% .....	71,000.00	71,000.00
Missouri Pacific RR Co. Due 3/1/94 — 9.00% .....	165,991.62	165,991.62

### FINANCE BONDS

American Invt. Co. Due 4/1/94 — 7.87% .....	89,000.00	89,000.00
Geico Properties Inc. Due 6/15/04 — 8.25% .....	386,463.04	386,463.04
PHL Funding I Inc. Due 7/20/16 — 9.25% .....	442,112.08	442,112.08

<b>*TOTAL CORPORATE BONDS .....</b>	<b>\$ 6,217,911.19</b>	<b>\$ 6,217,911.19</b>
-------------------------------------	------------------------	------------------------

\*No market quotations available

# GOVERNMENT NATIONAL MORTGAGE ASSOCIATION LOANS 6/30/89

Par Value	Description	Book Value	Market Value
\$ 1,947,139.46	GNMA Pool #233507 Due 10/15/17 — 9.50%.....	\$ 1,899,069.45	\$ 1,945,912.76
230,624.78	GNMA Pool #105422 Due 10/15/13 — 12.50%.....	228,750.94	252,677.12
317,124.10	GNMA Pool #105423 Due 10/15/13 — 12.50%.....	315,439.36	347,447.50
87,699.81	GNMA Pool #106071 Due 11/15/13 — 12.50%.....	86,987.25	96,085.66
565,012.50	GNMA Pool #107993 Due 9/15/13 — 11.50%.....	519,105.24	605,975.90
3,729,101.73	GNMA Pool #192779 Due 12/15/16 — 9.00%.....	3,604,409.86	3,647,508.98
1,918,621.66	GNMA Pool #227515 Due 9/15/17 — 9.50%.....	1,859,863.89	1,917,412.92
3,783,733.58	GNMA Pool #230832 Due 8/15/17 — 9.50%.....	3,767,179.76	3,781,349.82
247,606.34	GNMA Pool #36788 Due 3/15/10 — 11.00%.....	235,999.79	261,224.68
235,286.78	GNMA Pool #37905 Due 7/15/10 — 11.00%.....	234,110.33	248,227.55
360,582.53	GNMA Pool #37915 Due 2/15/10 — 11.00%.....	303,340.01	380,414.56
258,278.60	GNMA Pool #38221 Due 2/15/10 — 11.00%.....	239,553.38	272,483.92
312,275.69	GNMA Pool #38825 Due 2/15/10 — 11.00%.....	265,044.01	329,450.85
153,222.01	GNMA Pool #39144 Due 4/15/10 — 12.50%.....	140,389.69	167,873.09
406,905.76	GNMA Pool #39307 Due 2/15/10 — 11.00%.....	388,611.03	429,285.57
195,967.22	GNMA Pool #39310 Due 3/15/10 — 11.00%.....	187,393.68	206,745.41
280,390.60	GNMA Pool #39313 Due 3/15/10 — 11.50%.....	268,684.30	300,718.91
547,252.90	GNMA Pool #41399 Due 8/15/10 — 11.00%.....	525,704.81	577,351.80
359,159.23	GNMA Pool #41785 Due 3/15/10 — 11.00%.....	332,671.23	378,912.98
576,194.87	GNMA Pool #42033 Due 9/15/10 — 11.00%.....	533,700.48	607,885.58
534,371.25	GNMA Pool #42079 Due 8/15/10 — 11.00%.....	517,736.79	563,761.66
271,944.16	GNMA Pool #42692 Due 9/15/10 — 11.00%.....	271,604.20	286,901.08
140,806.91	GNMA Pool #42994 Due 10/15/10 — 11.50%.....	128,486.32	151,015.41
170,098.02	GNMA Pool #42996 Due 11/15/10 — 12.50%.....	161,380.49	186,362.79
297,591.48	GNMA Pool #43602 Due 11/15/10 — 12.50%.....	279,921.98	326,047.17
144,818.89	GNMA Pool #43604 Due 12/15/10 — 12.50%.....	134,862.61	158,666.47
351,251.73	GNMA Pool #44106 Due 10/15/10 — 11.50%.....	304,271.83	376,717.48
234,873.56	GNMA Pool #44881 Due 11/15/10 — 12.50%.....	226,359.40	257,332.16
284,175.67	GNMA Pool #45717 Due 11/15/10 — 11.50%.....	261,441.65	304,778.40
362,605.50	GNMA Pool #107323 Due 12/15/14 — 12.50%.....	358,299.58	397,277.83
1,535,976.46	GNMA Pool #113171 Due 1/15/14 — 12.00%.....	1,512,936.79	1,649,254.72
906,283.73	GNMA Pool #121668 Due 3/15/15 — 12.00%.....	889,857.31	973,122.15
635,579.42	GNMA Pool #121669 Due 2/15/15 — 12.00%.....	624,456.79	682,453.40
1,999,417.69	GNMA Pool #125277 Due 10/15/15 — 11.00%.....	1,968,176.82	2,109,385.66
1,031,880.94	GNMA Pool #130721 Due 8/15/15 — 11.00%.....	1,013,178.13	1,088,634.39
1,126,164.06	GNMA Pool #130722 Due 8/15/15 — 11.00%.....	1,100,121.52	1,188,103.08
1,672,123.26	GNMA Pool #133372 Due 11/15/15 — 11.00%.....	1,655,401.98	1,764,090.03
2,290,465.42	GNMA Pool #138000 Due 10/15/15 — 11.00%.....	2,224,614.58	2,416,441.01
2,251,601.20	GNMA Pool #146857 Due 5/15/16 — 9.00%.....	2,231,899.70	2,202,336.16
3,181,982.32	GNMA Pool #156173 Due 8/15/16 — 9.00%.....	3,170,049.91	3,112,360.54
2,158,125.23	GNMA Pool #160495 Due 6/15/16 — 9.00%.....	2,141,939.29	2,110,905.44
2,983,431.02	GNMA Pool #160496 Due 5/15/16 — 9.00%.....	2,972,243.11	2,918,153.54
1,807,700.49	GNMA Pool #162837 Due 6/15/16 — 9.00%.....	1,733,132.81	1,768,148.00
2,762,976.24	GNMA Pool #162838 Due 7/15/16 — 9.00%.....	2,706,853.28	2,702,522.31
3,623,727.65	GNMA Pool #181652 Due 10/15/16 — 9.00%.....	3,530,869.63	3,544,440.48
3,054,331.66	GNMA Pool #215762 Due 12/15/18 — 9.50%.....	2,977,973.37	3,052,407.43
1,949,970.69	GNMA Pool #225638 Due 9/15/17 — 9.50%.....	1,902,440.16	1,948,742.20
3,039,514.41	GNMA Pool #266922 Due 12/15/18 — 9.50%.....	2,944,529.59	3,037,599.51
5,056,769.27	GNMA Pool #153965 Due 2/15/19 — 10.00%.....	5,039,386.64	5,162,658.01
2,835,498.12	GNMA Pool #257854 Due 2/15/19 — 9.50%.....	2,718,533.82	2,833,711.75
370,707.13	GNMA Pool #0093MSF Due 3/20/14 — 12.00%.....	349,970.70	398,046.78
439,300.92	GNMA Pool #0109MSF Due 4/20/14 — 12.00%.....	386,882.06	471,699.36
<b>TOTAL GNMA.....</b>		<b>\$ 64,375,821.33</b>	<b>\$ 66,899,021.96</b>

## COMMON STOCK 6/30/89

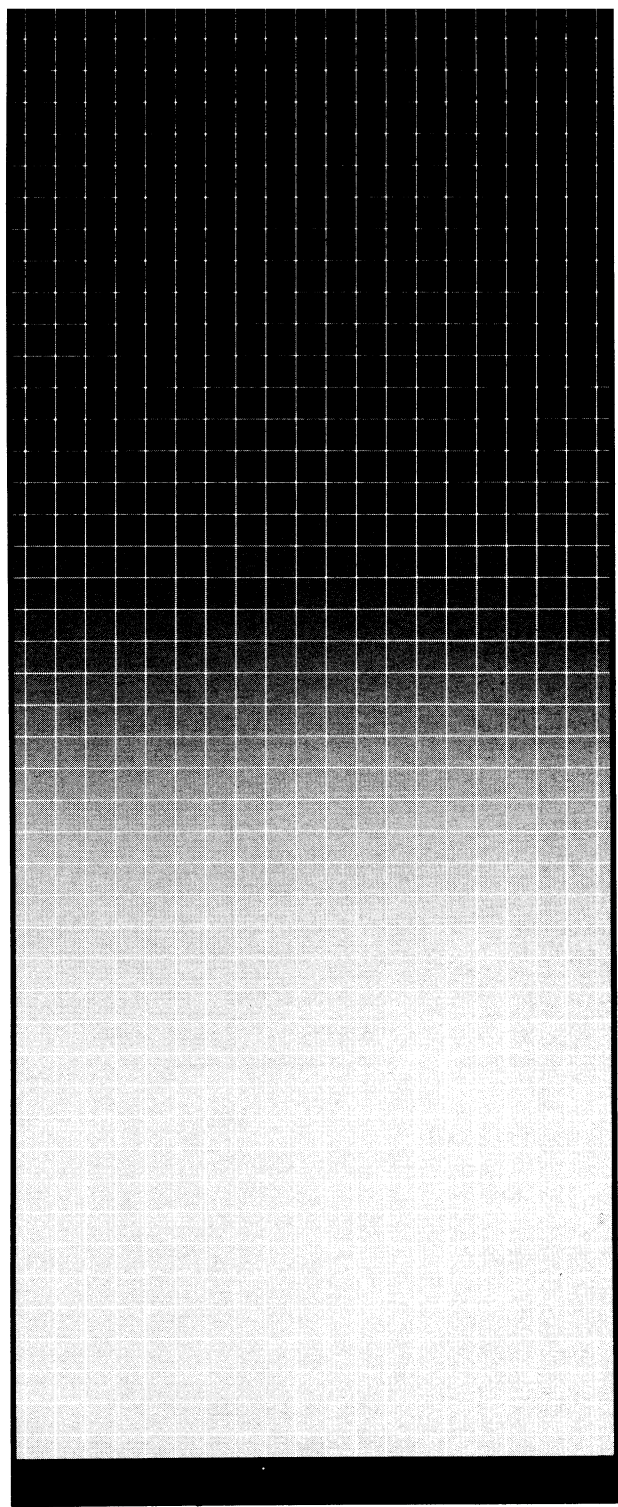
	No. of Shares	Description	Book Value	Market Value
<b>BASIC MATERIALS</b>				
Chemicals	13,000	American Cyanamid Co.....	\$ 530,750.00	\$ 693,875.00
	10,000	Dow Chem. Co.....	298,176.19	840,000.00
	2,000	Du Pont E I De Nemours & Co.....	220,100.00	217,500.00
	18,000	Grace, W R & Co.....	368,533.00	560,250.00
	6,500	Hercules Inc.....	238,590.00	299,812.50
Metals And Mining	300	Cyprus Minerals Co.....	2,242.93	7,387.50
Paper	12,500	International Paper Co.....	547,987.50	573,437.50
	16,000	Scott Paper Co.....	488,072.50	716,000.00
<b>CAPITAL GOODS/CONSTRUCTION</b>				
Aerospace/Defense	10,500	Raytheon Co.....	566,867.50	762,562.50
Building	31,000	Masco Corp.....	532,558.75	910,625.00
Electrical Equipment	21,000	Emerson Electric Co.....	325,377.30	711,375.00
	18,000	General Electric Co.....	504,987.50	929,250.00
	2,080	IMO Delaval Inc.....	9,276.44	41,080.00
Environmental Control	44,000	Browning Ferris Inds.....	248,220.49	1,463,000.00
Forest Products	9,866	Boise Cascade Corp.....	337,684.55	437,803.75
	9,125	Georgia Pacific Corp.....	242,190.54	400,359.37
Machinery	20,000	Cooper Inds. Inc.....	441,162.50	630,000.00
	12,500	General Signal Corp.....	515,024.00	692,187.50
<b>CONSUMER CYCLICAL</b>				
Appliances & Household Furnishings	25,000	Armstrong World Inds. Inc.....	479,612.50	1,109,375.00
	18,000	Whirlpool Corp.....	484,085.00	540,000.00
Autos and Trucks	24,000	General Motors Corp.....	637,391.19	1,002,000.00
	1,000	General Motors Corp. CL E.....	13,289.10	50,500.00
	1,100	General Motors Corp. CL H.....	15,742.21	30,937.50
Auto Related	16,300	Goodyear Tire & Rubber Co.....	581,996.20	851,675.00
	4,500	Masco Inds. Inc.....	7,031.25	41,062.50
Food Services and Lodging	7,400	McDonalds Corp.....	218,622.50	216,450.00
Leisure Related	23,952	Brunswick Corp.....	114,436.38	404,190.00
	3,300	Capital Cities ABC Inc.....	468,283.00	1,534,500.00
	303	Columbia Pictures Entmt. Inc.....	2,253.56	6,476.62
	10,000	Leisure & Technology Corp.....	141,122.00	52,500.00
Photographic Products/ Optical	14,000	Eastman Kodak Company.....	586,197.50	658,000.00
Printing/Publishing/ Advertising	17,500	American Greetings Corp. CL A.....	609,387.50	435,312.50
	14,000	McGraw-Hill Inc.....	222,972.68	974,750.00
Retailing	12,000	Edison Bros. Stores Inc.....	115,162.13	684,000.00
	3,000	Handyman Corp. — In Liquidation.....	.00	2,250.00
	15,000	K Mart Corp.....	420,800.00	540,000.00
	23,500	May Dept. Stores Co.....	248,270.00	981,125.00
	6,000	Penney, J C Co. Inc.....	146,399.70	333,000.00
	10,000	Standard Brands Paint Co.....	197,625.00	161,250.00
	34,000	Wal-Mart Stores Inc.....	325,205.00	1,296,250.00
	6,000	Woolworth, F W Co.....	289,800.00	310,500.00
Textiles and Apparel	14,000	Brown Group Inc.....	276,649.55	472,500.00
<b>CONSUMER STAPLE</b>				
Beverage	41,000	Anheuser-Busch Cos. Inc.....	296,031.18	1,711,750.00
	6,600	Coca Cola Co.....	285,717.50	372,075.00
Cosmetics & Household Products	2,000	Avon Products Inc. Capital.....	132,500.00	71,750.00
	24,000	Gillette Company.....	331,240.20	963,000.00
Drugs and Medical	11,000	American Home Products Corp.....	773,912.50	1,036,750.00
	25,800	Merck & Co. Inc.....	193,579.06	1,725,375.00
	9,000	Pfizer Inc.....	522,700.00	516,375.00
Food	26,250	Borden Inc.....	400,526.17	1,742,343.75
	21,000	Ralston Purina Co.....	224,450.00	1,924,125.00
Hospital Supply and Services	18,000	Abbott Labs.....	489,015.00	1,044,000.00
	10,500	American Medical Intl. Inc.....	247,872.50	238,875.00

# COMMON STOCK 6/30/89 (Continued)

	No. of Shares	Description	Book Value	Market Value
	23,500	Baxter Intl. Inc.....	253,737.50	487,625.00
	21,000	Johnson & Johnson.....	378,912.50	1,005,375.00
<b>ENERGY</b>				
Coal and Gas	9,100	Enserch Corp.....	218,669.99	213,850.00
	2,040	Pittston Co.....	71,420.00	39,270.00
Petroleum — Domestic	18,400	Amoco Corp.....	619,354.57	811,900.00
	10,700	Atlantic Richfield Co.....	347,210.00	1,001,787.50
	11,000	Occidental Pete Corp.....	338,610.00	301,125.00
Petroleum — International	30,000	Exxon Corp.....	344,418.83	1,320,000.00
	11,000	Mobil Corp.....	264,082.50	543,125.00
Petroleum Services	10,500	Dresser Inds. Inc.....	361,507.50	429,187.50
	9,500	Halliburton Co.....	394,655.00	314,687.50
<b>FINANCIAL</b>				
Banks	9,550	Banc One Corp.....	239,237.50	319,925.00
	6,500	First Wachovia Corp.....	248,762.50	292,500.00
	9,000	NCNB Corp.....	252,837.50	407,250.00
	10,500	Valley National Corp.....	289,250.00	274,312.50
Financial Services	23,998	American Express Co.....	255,827.80	797,933.50
	15,000	Federal Natl. Mortgage Assn.....	425,925.00	1,336,875.00
	11,000	Household Intl. Inc.....	348,925.08	599,500.00
	13,900	Transamerica Corp.....	334,041.16	505,612.50
Insurance	10,700	Aetna Life & Casualty Co.....	517,727.50	592,512.50
	5,100	Cigna Corp.....	226,465.00	284,962.50
<b>TECHNOLOGY</b>				
Electronics	8,000	Amp Inc.....	379,062.50	326,000.00
	19,500	Motorola Inc.....	465,767.50	1,026,187.50
	11,000	Tektronix Inc.....	290,544.50	243,375.00
	5,800	Texas Instruments Inc.....	243,840.00	226,925.00
Office Equipment	8,000	Apple Computer Inc.....	337,600.00	330,000.00
	4,600	Automatic Data Processing Inc.....	194,605.00	184,575.00
	4,500	Digital Equip. Corp.....	518,850.00	412,875.00
	9,000	Intl. Business Machs. Corp. Cap.....	733,951.68	1,006,875.00
	19,500	Unisys Corp.....	602,668.85	480,187.50
	8,000	Xerox Corp.....	598,283.42	499,000.00
Telecommunications	10,000	Harris Corp.....	406,010.00	321,250.00
<b>TRANSPORTATION</b>				
Railroads	8,000	Union Pac. Corp.....	305,747.50	560,000.00
<b>UTILITIES</b>				
Utilities-Electric	20,000	American Elec. Pwr. Co. Inc.....	567,753.77	555,000.00
	11,500	Central & South West Corp.....	346,425.00	396,750.00
	12,966	Dominion Res. Inc. VA.....	504,072.63	572,124.75
	15,000	FPL Group Inc.....	484,750.00	463,125.00
	3,000	Houston Inds. Inc.....	87,529.65	95,625.00
	16,000	SCE Corp.....	328,050.00	556,000.00
	12,500	Southern Co.....	289,301.80	329,687.50
	10,000	Texas Utilities Co.....	314,250.00	308,750.00
	18,500	Union Elec. Co.....	475,962.50	485,625.00
	20,000	Wisconsin Energy Corp.....	517,500.00	570,000.00
Utilities-Gas	240	Enserch Expl. Partners Ltd. Ord.....	3,430.01	2,970.00
Utilities-Telephone	7,000	GTE Corp.....	212,789.40	370,125.00
<b>MISCELLANEOUS</b>				
Diversified	11,900	ITT Corp.....	588,956.00	676,812.50
	15,800	Minnesota Mining & Mfg. Co.....	590,414.50	1,121,800.00
	28,298	National Service Inds. Inc.....	211,103.98	703,912.75
	2,200	Eljer Industries Inc.....	38,982.62	61,325.00
	2,200	Schwitzer Inc.....	18,364.41	22,275.00
	2,200	Scotsman Industries Inc.....	17,613.29	28,600.00
	280	Trimas Corp.....	10,150.00	12,390.00
<b>TOTAL COMMON STOCK</b>			<b>\$ 34,333,587.69</b>	<b>\$ 59,750,991.99</b>







*Actuarial  
Data*



W. ALFRED HAYES AND COMPANY

6828 OAKLAND AVENUE  
ST. LOUIS, MISSOURI 63139

314/647-4777

February, 1990

Board of Trustees  
Non-Teacher School Employee  
Retirement System of Missouri  
Post Office Box 268  
Jefferson City, Missouri 65102

Gentlemen:

An actuarial valuation of the System has been performed as of June 30, 1989. The results of this valuation are summarized in the attached report. The employee data used has been supplied by the System, and asset information was obtained from the auditors' report.

As a result of this valuation, we recommend a continuation of the 4% contribution rate for Members and Employers. I will review this in detail with the Board at the February meeting.

Respectfully submitted,

  
Kenneth J. Sliment, F.S.A.

## RESULTS OF THE ACTUARIAL VALUATION

The essential results of the June 30, 1989 actuarial valuation are summarized below:

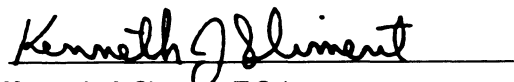
(1) Present Value of Future Benefits For:

(a) Active Members	\$517,516,000	
(b) Retired Members	100,674,000	
(c) Inactive Members	3,671,000	
(d) Other Liabilities	<u>2,313,000</u>	
(e) Total		\$624,174,000

(2) Present Value of Future Normal Costs	237,236,000
(3) Actuarial Accrued Liability: (1)-(2)	386,938,000
(4) Actuarial Assets of the System	348,567,000
(5) Unfunded Actuarial Accrued Liability: (3)-(4)	38,371,000

With a fixed benefit level and a defined contribution rate, the amortization period for the Unfunded Actuarial Accrued Liability becomes the key item. The procedure has been adopted whereby the funding of the entire System (Normal Cost as well as Unfunded Actuarial Accrued Liability) is accomplished as a level percentage of an expanding payroll (i.e., with increasing dollar contributions). The following development illustrates how this is done based on a 4% contribution rate:

(6) Total Contribution Rate, Member + District	8.00%
(7) Normal Cost Rate	6.89
(8) Rate Available for Unfunded Actuarial Accrued Liability: (6) - 1.04 x (7)	.83
(9) Number of Years required to Amortize Unfunded Actuarial Accrued Liability if Compensation Increases: 6.0% Per Year	15.5



Kenneth J. Sliment, F.S.A.

# Actuarial Balance Sheet

June 30, 1989

## ASSETS

Present Actuarial Value of Assets.....		\$ 348,566,986
Present Value of Future Contributions For:		
Normal Costs.....	\$ 237,236,043	
Unfunded Actuarial Accrued Liability.....	<u>38,370,582</u>	
		\$ 275,606,625
Total Present and Potential Assets.....		<u>\$ 624,173,611</u>

## LIABILITIES

### Present Value of Future Benefit Payments:

#### Actives:

Service Retirement.....	\$ 423,736,073
Disability Retirement.....	4,280,823
Withdrawal Benefits.....	70,660,284
Refunds on Death.....	18,838,598
Inactives .....	<u>3,670,794</u>

\$ 521,186,572

### Present Value of Benefits Now Payable To:

Service Retirants.....	\$ 97,265,940
Disability Retirants.....	1,191,631
Survivors .....	<u>2,216,353</u>

\$ 100,673,924

Investment Contingency Reserve.....	<u>\$ 2,313,115</u>
Total Present and Potential Liabilities.....	<u>\$ 624,173,611</u>

The actuarial balance sheet presents an overall view of the actuarial status of the System on the valuation date. The assets and liabilities are divided into their respective categories. Thus we see that the System has total "assets" on the valuation date of some \$624 million, of which about \$349 million are currently on hand, the remainder of \$275 million being represented by the anticipated contributions from Members and the District. On the liability side, about \$101 million of the \$624 million is due to present retirees, with the balance of roughly \$523 million attributable to active Members. The balance sheet is thus a formal statement that, based upon the assumptions used, the System is in equilibrium, with present and potential assets equal to present and potential liabilities.



# THE NON-TEACHER SCHOOL EMPLOYEE RETIREMENT SYSTEM OF MISSOURI TEN-YEAR HISTORICAL TREND INFORMATION

June 30, 1989  
(Dollars in Thousands)

<u>Valuation Date</u>	<u>Net Assets Available For Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percent Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation as a Percent of Covered Payroll</u>
June 30, 1987	\$259,036	\$282,285	91.8%	\$23,249	\$268,173	8.7%
June 30, 1988	\$300,006	\$322,986	92.9%	\$22,980	\$304,029	7.6%
June 30, 1989	\$347,011	\$355,186	97.7%	\$ 8,175	\$331,352	2.5%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of the System's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

## Revenues by Source (Dollars in Thousands)

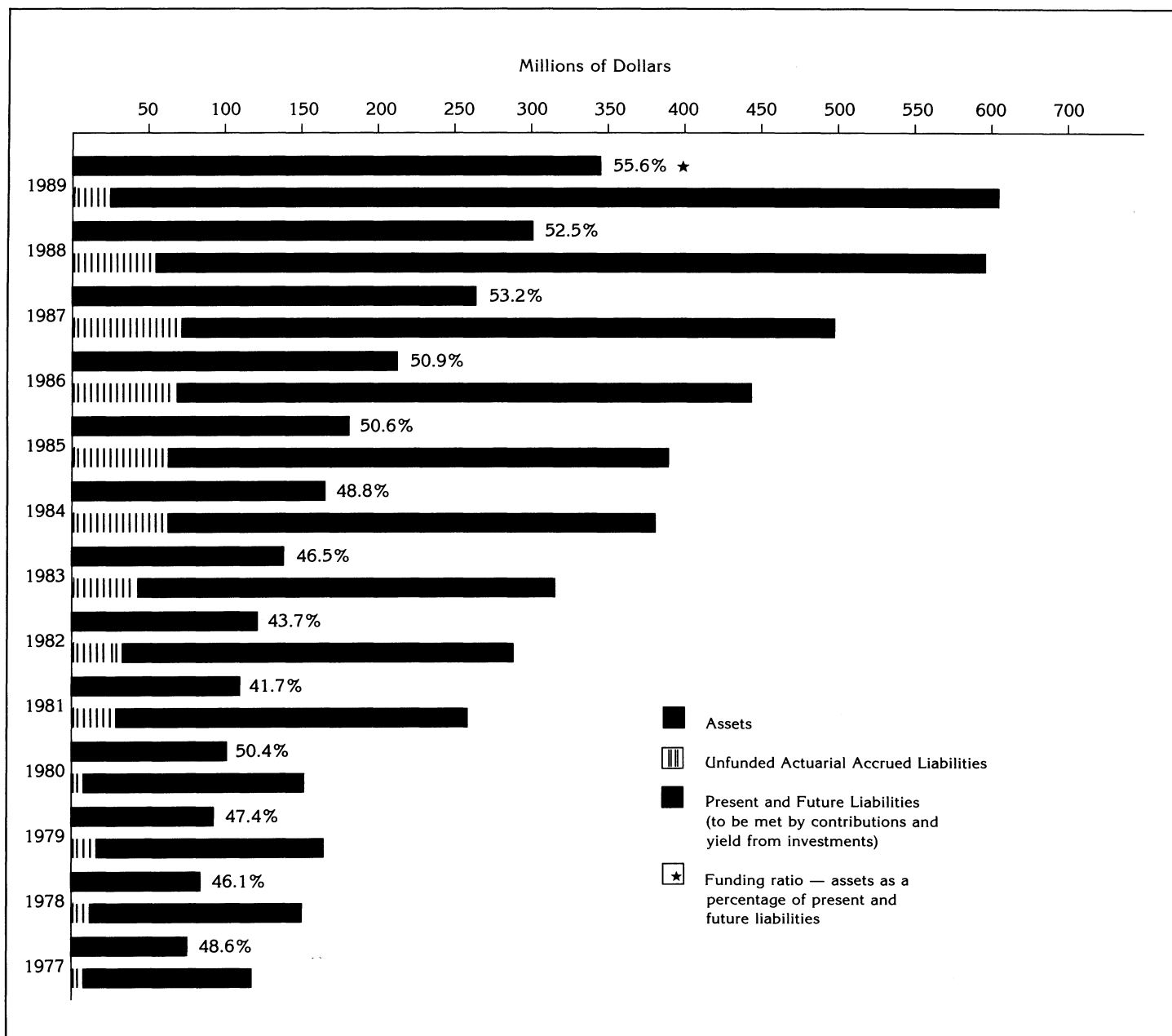
<u>Valuation Date</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>	<u>Investment Income</u>	<u>Realized Gains on Sales</u>	<u>Total</u>	<u>Employer Contributions as a Percent of Covered Payroll</u>
June 30, 1987	\$10,993	\$10,993	\$23,203	\$1,518	\$46,707	4.1%
June 30, 1988	\$11,963	\$11,963	\$25,894	\$ 512	\$50,332	3.9%
June 30, 1989	\$13,055	\$13,055	\$30,519	\$ 101	\$56,730	3.9%

## Expenses by Type (Dollars in Thousands)

<u>Valuation Date</u>	<u>Benefits and Refunds Paid</u>	<u>Administrative Expenses</u>	<u>Total</u>
June 30, 1987	\$ 9,641	\$500	\$10,141
June 30, 1988	\$10,886	\$538	\$11,424
June 30, 1989	\$12,567	\$585	\$13,152

Trend information prior to June 30, 1987, is currently not available.

## Present Assets and Actuarial Liabilities

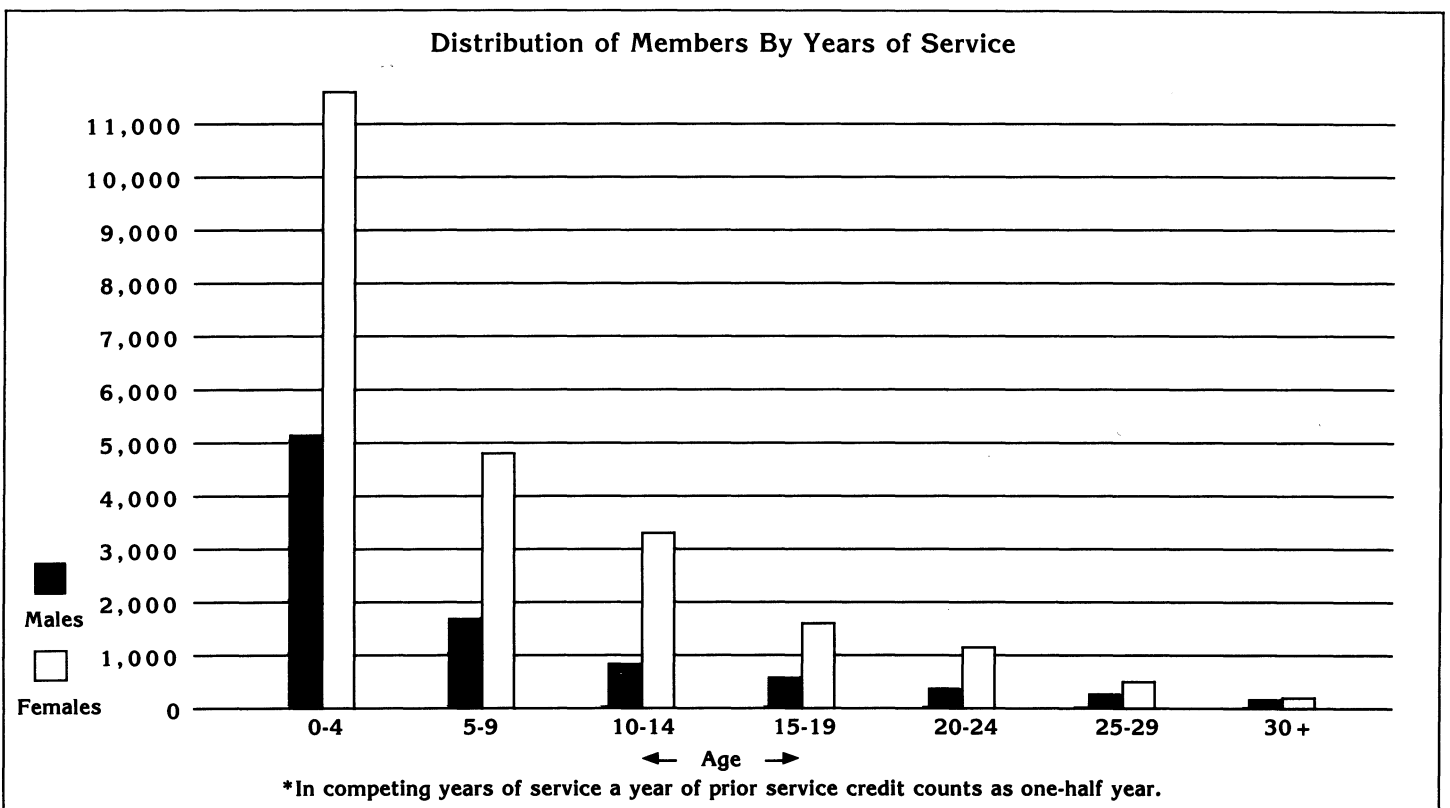
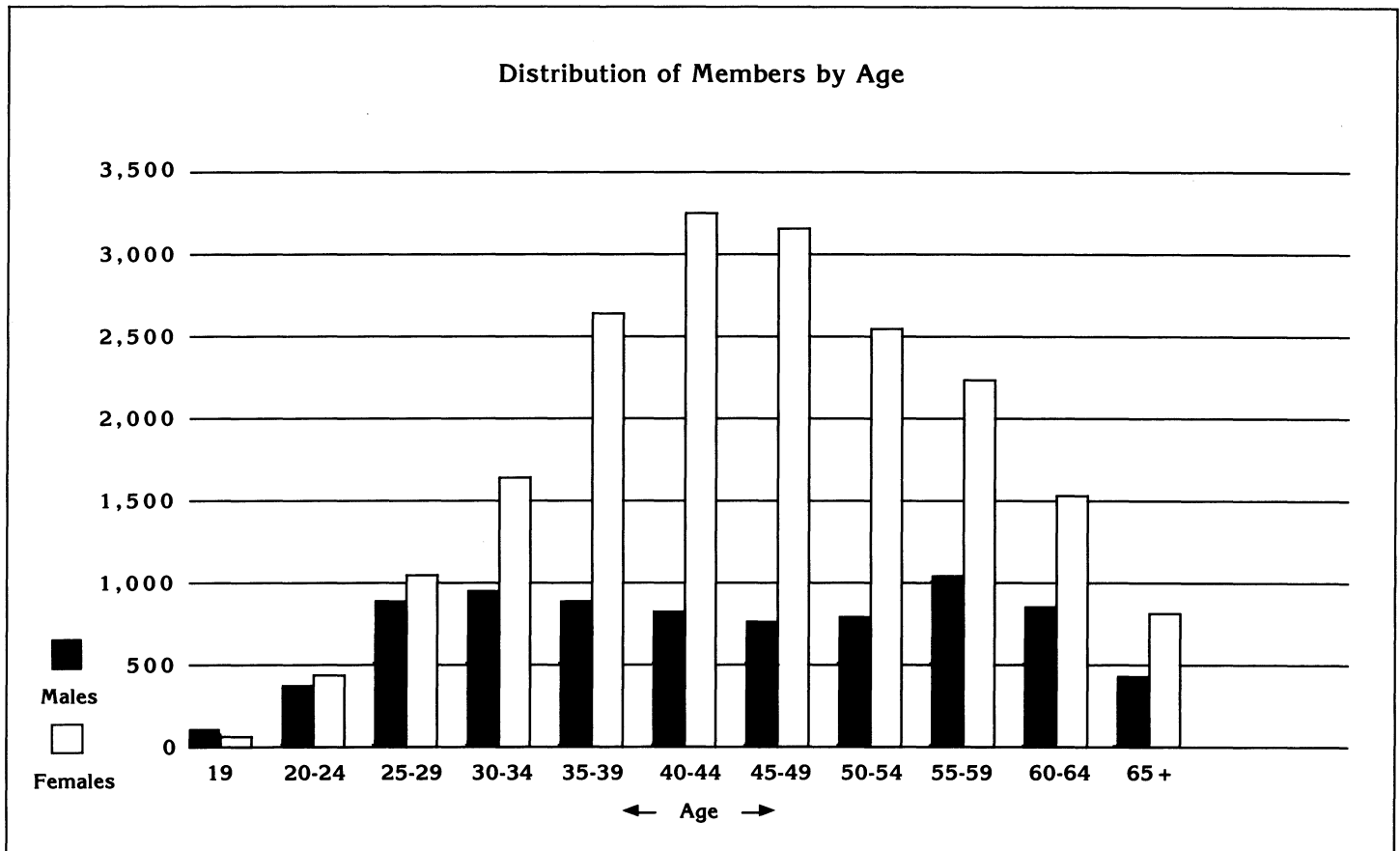


### Summary of Changes in Membership During 1988-89

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Active-Inactive Members 7/1/88.....	7,852	20,157	28,009
New Membership 7/1/88 to 6/30/89.....	<u>1,344</u>	<u>3,232</u>	<u>4,576</u>
Total Membership before Decreases.....	9,196	23,389	32,585
Decreases:			
Service Retirements.....	219	479	698
Disability Retirements.....	14	10	24
Withdrawals.....	914	1,764	2,678
Deaths.....	25	20	45
Terminations Not Processed.....	62	69	131
Previous Terminations Processed.....	<u>(76)</u>	<u>(121)</u>	<u>(197)</u>
Subtotal.....	1,158	2,221	3,379
Net Membership 6/30/89.....	8,038	21,168	29,206
(includes "Inactive Members")			

# ACTIVE MEMBERSHIP

June 30, 1989



## SERVICE RETIREMENTS

### NEW SERVICE RETIREMENT BENEFITS 1988-89 (Full Benefits - Age 60 or 30 Years)

Years of Creditable Service	Number Retiring			Final Average Salary	Average Benefit
	Males	Females	Total		
5-9	73	60	133	\$ 943.74	\$ 88.22
10-14	66	98	164	974.91	152.37
15-19	35	117	152	943.54	200.44
20-24	17	93	110	1,044.34	282.08
25-29	13	30	43	1,109.98	342.77
30 +	9	22	31	991.49	342.23
TOTALS	213	420	633	\$ 982.88	\$ 195.10

### CHANGES IN RETIRED MEMBERSHIP DURING 1988-89

	Service Retirements			Disability Retirements		
	Male	Female	Total	Male	Female	Total
Retired Members, 7/1/88	2,632	4,582	7,214	64	77	141
Retired During Year	219	479	*698	14	10	24
Died During Year	162	105	267	8	6	14
Resumed Working During Year	2	3	5	0	0	0
Retired After Resuming Work	3	2	5	0	0	0
Retired Members 6/30/89	2,690	4,955	7,645	70	81	151

\*includes actuarially reduced retirees

### SERVICE RETIREMENT BENEFIT HISTORY (Full Benefits — Age 60 or 30 Years)

Year Ending June 30	New Service Retirants	Average New Benefit	% Increase From Previous Year
1967	334	\$ 7.20	—
1968	220	\$ 8.05	12
1969	226	\$ 8.15	1
1970	298	\$ 16.18	99
1971	324	\$ 18.60	15
1972	363	\$ 20.48	10
1973	414	\$ 22.69	11
1974	443	\$ 28.30	25
1975	446	\$ 31.71	12
1976	431	\$ 35.24	11
1977	419	\$ 41.64	18
1978	549	\$ 52.66	26
1979	436	\$ 61.94	18
1980	445	\$ 65.86	6
1981	427	\$ 77.77	18
1982	552	\$ 87.44	12
1983	552	\$101.40	16
1984	441	\$115.00	13
1985	561	\$128.14	11
1986	617	\$149.01	16
1987	634	\$180.48	21
1988	453	\$196.37	9
1989	633	\$195.10	—

